

TO: G.E. Cofield

DATE: March 10, 1988

FROM: Marketing Information and Analysis/Andrew P. Motola

SUBJECT: Tulsa Market Check

As a follow-up to my Now analysis issued on December 22, I spent two days in Tulsa which is among the strongest growth markets for R.J. Reynolds' Now and among the weakest for American's Carlton, its closest competitor. While searching for reasons for Now's success in this market, as well as nationwide, I was helped in Tulsa by David Chandler (Division Manager - Retail Account Coverage) and Jim Liles (Area Manager - Wholesale Chain Coverage).

As expected, R.J.R.'s Now has very good coverage in the retail accounts in the Tulsa market. In some of the large supermarkets such as the Price-Mart and Skaggs we visited, Now occupies nearly a whole row on the carton racks. Carlton, on the other hand, was not very visible with only a few cartons on the fifth row in these stores. This is a significant factor since approximately two thirds of Now smokers purchase by the carton.

- o Accordingly, as substantiated by the clerks in the small convenience stores we visited, Now and Carlton do not sell very much in these outlets. In addition, no noticeable differences in sales of these two brands have been observed by the clerks.

Both David Chandler and Jim Liles concur that Now's success, at the possible expense of Carlton, may be attributed to their respective sales forces in Tulsa. R.J.R. apparently has an experienced and aggressive sales force in Tulsa. American, which in the past had a strong sales force there, currently has a relatively inexperienced and unaggressive one. These sentiments were confirmed by the manager of Coremark Standard Tobacco in Tulsa whom Jim Liles introduced me to.

While visiting retail accounts with David Chandler and wholesale chains with Jim Liles it was confirmed that R.J.R. has not been couponing Now heavily in the Tulsa market. However, R.J.R. has been noticeably advertising there especially in magazines. These advertisements reflect Now's overall campaign of targeting Carlton directly (see attachment).

There are no Now billboards in Tulsa as far as Jim Liles knows. Interestingly, I did see a large billboard for the new Marlboro Lights Menthol there. Billboards apparently can also be seen in Tulsa for brands such as Winston and Salem.

I will continue to monitor Now's performance and will keep you informed of any changes.

apm/dy



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